



**Mayor Annette Iafallo**  
**State of the City Address, March 1, 2021**

Good afternoon Mr. Council President, Honorable City Council members, Mr. City Clerk, City Department Heads and everyone watching on Facebook Live. I'm excited to be with you to present the **Lackawanna State of the City** address, my second as your Mayor.

I'd also like to welcome Karen Gambino from Western New York Deaf Access Services as our sign language interpreter and thank the Friends of Annette Iafallo for their funding support for this service.

The accomplishments I'll present today were achieved in a world far different than anyone could have imagined. Like all municipalities, Lackawanna faced many challenges in 2020 due to COVID-19 and periods of racial, social and political tension. Despite the decades of government work experiences among our city workforce, there was no playbook for managing these unprecedented situations.

Nevertheless, we moved forward with efforts to *begin rebuilding Lackawanna's economy, secure and strengthen our workforce, maintain financial stability, improve government and private sector partnerships, and deliver effective public safety and services*. None of this would have been accomplished without the efforts of our city employees and support of a forward-thinking City Council.

Before I continue, please join me in a moment of silent reflection and prayer for those impacted by Covid-19, especially anyone who suffered the loss of family members or friends. Thank you.

It is now my honor to present the **Lackawanna State of the City**, starting with **Development**:

*On August 1, 2020, a competitive unified city tax rate of \$17.15 per thousand for all properties was implemented with majority support from the City Council.* Implementation of this new competitive tax structure is my administration's plan for rebuilding Lackawanna's economy, which has steadily declined since Bethlehem Steel closed in the 1980's.

While the homestead and non-homestead tax structure implemented after Bethlehem's closure helped save Lackawanna, it eventually choked the economic life from our city. With a business tax rate of \$42.10 per thousand, nearly two and a half times higher than other municipalities including Buffalo, Lackawanna was often overlooked for development and our remaining businesses have struggled. Without change, our city's future was bleak.

Unifying the city tax rate was an unpopular decision with some Lackawanna homeowners. While we lowered the tax rate homeowners pay from \$18.58 to \$17.15 per thousand, the first time in seven years this rate did NOT increase, nearly a third of homeowners saw their tax bill increase due to several factors including implementation of a property revaluation which resulted in city property assessments increasing from 75% to 100% valuation.

As a homeowner whose tax bill increased, I understand and apologize for this situation. But I ask for everyone's patience. Without a thriving business base, Lackawanna can't survive. Attracting new businesses will bring many benefits including jobs, increased shopping and restaurant activity and new tax revenue that WILL be used to bring tax relief to homeowners in the years ahead. Today, I'm proud to say that last year we took a significant first step toward this goal.

*In 2020, \$74.5 million in new commercial projects were started in Lackawanna, with \$60 million under construction and \$14.5 million entering the permitting process.* Of this total, over \$72 million is related to our partnership with New York State, Erie County and the Erie County Industrial Development Agency to remediate and redevelop 244 acres of land on the former steel plant site, our greatest asset for attracting new businesses and jobs to Lackawanna and Erie County. This is the highest amount of private development investment made on this site since Bethlehem closed.

Although there was no playbook for managing a municipality in a pandemic, our partnership plan for redeveloping this former industrial site is patterned after an established and successful model used by larger municipalities to rebuild a commercial tax base severely impacted by the loss of industry. The projects now active on the former steel plant site reflected in the \$72 million figure include:

- TMP Technologies – the maker of Magic Eraser is investing \$22 million to build a 290,000 square foot light manufacturing facility that will bring a combined 150 existing and new jobs when the facility opens this summer,
- Sucro Sourcing, LLC – this Florida-based international sugar distributor is investing \$21 million over three years, starting this year, to transform old industrial structures into warehousing, packaging, distribution and the first U.S. refinery built in 60 years. About 75 jobs will be created,
- Uniland Development – is investing \$14.5 million to build a 150,000 square foot, multi-tenant light manufacturing and warehousing facility. Construction is expected to start this summer and be completed in 18-24 months. Job numbers for this project will be determined based on tenants recruited to the facility.
- The Steelwinds Repowering Project – this \$15 million project is a reinvestment in the existing wind turbines at the site, which were failing. Through this effort, we've preserved a revenue stream worth over \$140,000 annually to Lackawanna for the next 15 years.

Our thanks to New York State for their leadership of site remediation and to the teams led by Erie County Executive Mark Poloncarz, ECIDA President and CEO John Cappellino and the ECIDA Board of Directors for working with us on these projects.

Other development projects from this past year include:

- Premium Coffee & Queen City Foods finalized construction of a \$900,000 production facility at 2510 Hamburg Turnpike that will bring 40 new jobs,
- Hazmat Environmental Services completed construction of a new \$400,000 training center at their 60 Commerce Parkway facility that resulted in 10 new jobs,
- And a combined \$220,000 investment resulted in the renovation of a long-time convenience store at 1849 Abbott Road and 1219 Abbott Road for Flex-e-Brick Products, a building materials supplier.

The timing and impact of new tax revenue generated by these projects will depend on the expected completion date and any associated payment in lieu of tax agreements, referred to as a PILOT. PILOT agreements are necessary to compete nationally for larger development projects, like those being pursued on the former steel plant site.

For all projects started last year, we actively negotiated for the maximum immediate tax payments to Lackawanna. Each will pay taxes from day one, some at 100% of the assessed payment amount, with others on a graduated schedule. For illustration, following are the estimated city tax revenues for new developments at the former steel plant site based on 10-year PILOT agreements:

- TMP is projected to generate over \$170,000 in city taxes year one starting August 1, 2021 and approximately \$1.5 million over the life of the PILOT,
- Sucro Sourcing is projected to generate nearly \$14,000 in city taxes year one starting August 1, 2021, \$31,000 and \$48,000 in years two and three as construction phases are completed and nearly \$670,000 over the life of the PILOT,
- And Uniland's facility is projected to generate over \$4,000 in city taxes year one starting August 1, 2022 based on increased land value, over \$28,000 in 2025 when construction is targeted for completion and \$547,000 over the life of the PILOT.

Our 2020 development accomplishments were not limited to commercial projects:

- Sunset Builders completed \$515,000 in new construction of market rate residential homes in the development on the south side of Martin Road in the Fourth Ward bordered by Michelle Drive and Love Terrace,
- Our Lady of Victory invested over \$2.6 million to upgrade their Ridge Road facilities, efforts that will help preserve and grow a workforce exceeding 1,000 people across OLV's Human Services, Charities and Shrine operations,
- And through a \$900,000 Downtown Revitalization Initiative grant, a community park is being constructed near City Hall. Upon completion this spring, the park will result in a better connection of our Ridge Road and South Park Avenue business area with thousands of annual visitors to Botanical Gardens and South Park.

Moving ahead to ***Employee Relations:***

In 2020, we reached an eight-year collective bargaining agreement with the Lackawanna Police Union which provides increased wages for city police officers, offset by a limiting of some fringe benefits. We're continuing dialogue with the two remaining unions with unresolved contracts to negotiate agreements that are fair to employees and cost-effective for the city.

Last year we also made several promotional and other appointments to fill key positions:

- Mark Packard was appointed permanent Police Chief after serving in an acting capacity following the retirement of James Michel. Patrol Officers Robert Cintron and Matthew Adams were promoted to open Lieutenant positions resulting from Chief Packard's promotion and the retirement of Christopher Lalka. And, Jason Sabuda was appointed provisional Complaint Writer/Dispatcher, following the retirement of Kevin Rozwood,

- James Fino was promoted from acting to permanent Fire Chief. Lieutenant Jeffrey Gawel was promoted to Captain and Firefighters Jason Surdyke and Daniel Tobin to Lieutenant. Also, five new firefighters hired last January and March graduated from the Buffalo Fire Training Academy. All are working on platoon and doing an exceptional job,
- Michael Grifa was named City Assessor following the retirement of Frank Krakowski,
- Scott Hayes was named permanent Code Enforcement Officer replacing Drew Ortega who joined the Lackawanna Fire Department,
- Gene Olivieri III was named Computer Technician, responsible for computer security policies, maintaining servers and computers and troubleshooting employee computer issues,
- Charles Clark was appointed Public Information Officer responsible for marketing, media and public relations. Chuck brings over 35 years of senior level experience in these areas,
- And we also began transitioning to a new Animal Control Officer, for which a Civil Service Exam will be announced.

Congratulations to our newly promoted and appointed employees and best wishes to all who retired last year after many years of service to the City of Lackawanna.

Continuing with other major accomplishments from 2020:

The **City Attorney's Office** played an instrumental role in all litigation, employee relations and development matters. In addition, they worked closely with Lackawanna City Court to ensure vehicle and traffic violations were handled in a timely manner and that the public was provided with continued due process during court appearances in compliance with Covid-19 safety protocols and executive orders. The City Attorney also worked to reduce outside counsel fees by referring only highly specialized claims to outside counsel.

The **Comptroller's Office** worked closely with my office and other departments to establish the \$17.15 per thousand unified city tax rate, which saw no increase in the \$254 garbage fee. In addition, the Comptroller helped guide Lackawanna's financial performance in other key areas:

- As of July 31, 2020, our Fund Balance was a stable \$10 million, up over \$1.9 million. Due to the pandemic and related withholding of state aid, city spending was curtailed to ensure adequate reserves. In this fiscal year, \$1 million of the city's General Fund Balance was appropriated to meet financial obligations. The Unassigned Fund Balance was \$7.7 million,
- The city issued new debt totaling \$275,000 for the purchase of a Fire Pumper Truck. There are also two outstanding Serial Bond Issues totaling over \$4.5 million extending through the 2027-2028 fiscal year. Lackawanna's bond rating from Moody's as of August, 2013 is A-2, which is considered stable based on the Moody's rating scale of AAA through C,
- And Lackawanna received a "No Designation" for the year ending July 31, 2019 and a rating of 5 from the New York State Comptroller's office. The state comptroller monitors the fiscal stress of a municipality on a scale of 0 to 100, with low scores indicating low stress. Lackawanna's fiscal stress for the year ending July 31, 2020 has not been issued as yet however, we anticipate the same 'No Designation' score.

The **Lackawanna Fire and Police Departments** were kept very busy during the pandemic year:

- The *Fire Department* responded to 3,291 calls, up 126 over 2019. Over 70% of these calls were for emergency medical services. Fire crews responded to 103 fires, up 27 over 2019. And the Fire Marshal inspected nearly 200 properties while also enforcing pandemic-related orders.

I'd like to recognize one of these important calls. Last December, the life of a baby girl born in a vehicle parked at a convenience store on Route 5 was saved by Lieutenant Ron Shul and Firefighters Gary Walawender and Rebecca Sirieka. Upon arrival, they found mother and child in need of assistance and acted quickly to clamp and cut the baby's cord, suction her airway and provide stimulation allowing her to breath and cry. Mother and baby were taken to Mercy Hospital for further care. They are now home and doing well. Congratulations for a job well done!

- The *Police Department* responded to 12,866 calls, made 575 arrests, issued 4,259 traffic summonses and 1,960 parking tickets. A new state-of-the art evidence room with an electronic evidence system was constructed to better manage all evidence entering the police department. In addition, three new police vehicles were purchased to replace high mileage older models.

Likewise, the **Public Works Department** maintained garbage, recycling, bulk trash and street services despite numerous Covid-19 related pauses. In addition, several projects were completed including:

- A \$171,000 project to convert 2,300 city streetlights to energy efficient LED through the National Grid Streetlight Conversion Program. Lackawanna received a \$162,000 rebate incentive for participation in this program, resulting in a net cost of \$9,000. From this conversion, Lackawanna is projected to save \$25,000 annually in energy costs, resulting in a project payback of less than one year,
- Milling and paving on Milnor and Keever Avenues using Community Development Block Grant funding. Sewer lateral repairs on each street were included in these projects,
- And milling and paving of Willett Road in partnership with the Town of Hamburg. Our thanks to Supervisor Jim Shaw and Highway Superintendent Ted Casey for collaborating on this project.

The **Assessor's Office** finalized the Lackawanna property revaluation for the 2020 Assessment Roll on March 1, which took effect with the fiscal year starting August 1. Since then, residential and commercial property values in the city have increased 6% due to favorable market conditions.

With respect to home sales, Lackawanna performed well in comparison to the booming local market. Last year, 98 Lackawanna homes were sold through a realtor in an average of just 20 days, comparing favorably to the 37 days "on market" average for the Buffalo Metro market. Of this total, 38 homes (equal to 39%) sold for more than 100% of asking price. This data shows homebuyers have identified Lackawanna as a desirable community given our attractively priced housing, proximity to downtown Buffalo and waterfront, recreation, cultural and entertainment destinations.

The **Treasurer's Office** generated \$162,000 in revenue from the sale of eight foreclosed properties related to 2016 tax delinquencies. They also did excellent work ensuring timely collection of tax payments through greater use of drop box and mailed payments.

The **Purchasing and Technology Departments** worked to provide city employees with capabilities to work safely and securely from home during the pandemic. In addition, they completed projects involving phone and internet service updates at all Lackawanna firehouses, installation of FirstNet wireless access in police cars, which is a faster and more secure system for law enforcement, and implementation of enhanced VPN and password security policies and practices.

The **Public Information Officer** generated over 40 instances of print and broadcast media coverage for Lackawanna through new and stronger partnerships created with local media. The PIO also generated 190 social media messages reaching a total audience exceeding 560,000 people, while also making stronger use of the official local newspaper, city web site and Code Red call system.

Like all municipalities, our **Recreation** programs were hard hit by the pandemic, with many programs cancelled. Among the few programs we ran last year were the annual Winter Fest and Mayor's Bowl Chili Cook-off, summer adult co-ed softball and kickball leagues and a six-week Summer Lunch Program supported by a modified Recreation Leader Program. Based on health department guidance, we hope to resume most, if not all recreation programs this year. We're also looking at possible grants and partnerships to help expand our programming.

In any year, this list of accomplishments would be impressive. But in a year like 2020, they're truly remarkable. Again, my thanks to all city employees for their incredible efforts this past year and to our City Council members for their support.

While 2020 was a year of accomplishments, it wasn't perfect. Some things could have gone better, such as the Ridge Road bike lane project. I'm not afraid to try new things in an effort to learn different ways to move our city forward. This creative pop-up project presented an opportunity to explore the feasibility of implementing a unique bike lane design. For many reasons it didn't go as planned however, valuable lessons were learned that will guide our future efforts to implement bike lanes in Lackawanna.

Looking ahead to this year, we'll continue our efforts to rebuild Lackawanna through several projects that highlight our strong partner relationships, while also remaining mindful of ongoing challenges related to Covid-19. These projects include:

- Continuing to remediate and redevelop the former steel plant complex in partnership with New York State, Erie County and the ECIDA, including increased marketing of the site's light manufacturing and warehousing model along with its superior transportation infrastructure,
- Evaluating development of spec warehouse space on city-owned parcels on Alliance Drive and Albright Court in the First Ward to meet growing local demand,
- Rebuilding the Ridge Road and Center Street corridor in several phases:
  - o A full reconstruction of Center Street in partnership with the Erie County Water Authority and Erie County Sewer Department. This \$1.9 million project will be funded through Consolidated Local Street & Highway Improvement Program and Community Development Block Grant funds and the cooperation of our water and sewer partners to pay for their project phases,
  - o Construction of a state-of-the-art community splash park between Memorial Field and the Lackawanna Library funded through various state and county grants,
  - o Redevelopment of a city-owned parcel at 539 Ridge Road, the former St. Barbara's Parish site, as mixed-used commercial and residential.

The splash park and 539 Ridge Road projects were planned for 2020 but delayed by the pandemic.

- Renovating Veterans Stadium to include grant funded construction of a new pavilion, synthetic ice rink, second ball diamond, volleyball courts and a horseshoe court. We're also hoping to secure grant funding to remove the obsolete bleachers on the north side of the complex,
- Residential development on 100 Dona Street, the long-time site of Lincoln Annex School which was last used by the Friendship House before being demolished in 2018 and remediated through the New York State Brownfield Cleanup Program.

We also continue to plan for a relocation of City Hall to the former Knights of Columbus building at 2838 South Park Avenue purchased by the city in 2019. The current City Hall is obsolete and beyond cost-effective repair. We're now exploring grant and other funding options with a goal of relocating in the next two years. This effort would include demolition of the current building, site remediation and restoration of the original City Hall for continued use by Lackawanna Police and City Court.

Lastly, we're finalizing implementation of online and credit card payment capabilities for various payments including taxes, permits and parking tickets. More details will be announced on our city web site and Facebook page within the next few months.

I'm proud of what we accomplished in 2020 and excited for what's ahead this year. As featured in an article published in Buffalo Business First on January 29, Lackawanna is 'open for business!' I look forward to sharing more details on these and other projects in the months ahead.

Thank you for attending today's presentation. And as always, stay safe and God bless.